

State of Maine
Office of Securities
121 State House Station
Augusta, Maine, 04333-0121

In Re:

Warren C. Spencer

Notice of Intent
09-023

ALLEGATIONS

1. Warren C. Spencer ("Spencer") (CRD #3013294), is a resident of South Berwick, Maine. At all relevant times until November 16, 2009, Spencer was an agent and investment adviser representative of Edward D. Jones & Co., L.P. ("Edward Jones").
2. On or about September 26, 2008, Spencer purchased a \$75,000 Wachovia certificate of deposit in the account of Edward Jones's clients Robert and Winifred Ray ("the Rays") without the consent of the Rays. The Rays subsequently learned of the purchase.
3. On September 29, 2008, Wachovia and Citigroup announced an FDIC-assisted bid by Citigroup to purchase Wachovia's banking business. This announcement was made amidst widespread concern that Wachovia might fail and present a systemic risk to the financial system. Wachovia ultimately was purchased by Wells Fargo and not Citigroup.
4. Also on or about September 29, 2008, after learning of Wachovia's financial difficulties, the Rays demanded that Spencer undo the unauthorized purchase of the Wachovia certificate of deposit in their account.
5. Spencer made four separate requests to Edward Jones to cancel the trade four separate times. In the first request, Spencer, without disclosing that the transaction had been unauthorized, stated that the Rays had changed their mind regarding the purchase. Edward Jones denied this request. Spencer then made a second request to cancel the trade, this time stating "wrong person/wrong account." This was denied by Edward Jones on the basis that it lacked sufficient information. Spencer then made a third request to cancel the trade, explaining this time that he had mistakenly entered the order in the Rays' account instead of the account of another client, Rita Davis. This too was denied. All of the explanations given by Spencer were false.
6. Spencer then sought the assistance of Lisa Monachella ("Monachella"), his branch manager. Spencer falsely told Monachella that he had inadvertently placed the trade in the wrong account. Monachella approved the correction of the certificate of deposit to Davis's account at no loss to the Rays.
7. During an on-site examination of Spencer's branch office of Edward Jones on October 29, 2008, Spencer falsely told Office of Securities examiners that he had purchased the certificate of deposit for the Rays only after speaking with Mr. Ray about it.

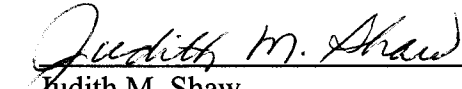
8. During a deposition conducted at the Office of Securities on October 22, 2009, Spencer falsely represented that he had told Monachella the "whole story," including the fact that he had purchased the certificate of deposit for the Rays without their authorization.
9. In effecting the Davis transaction, Spencer did not disclose to Davis the following material facts:
 - a. Davis was purchasing the certificate of deposit at par even though it was trading at less than par;
 - b. The purchase was being effected to help Spencer undo an unauthorized transaction in another account without cost to Spencer or the other account holders; and
 - c. The Wachovia certificate of deposit carried with it the risk that Wachovia would fail, which could have negative consequences for Davis notwithstanding the presence of FDIC insurance – a risk that could be avoided by purchasing a certificate of deposit issued by a different entity.
10. In addition to placing the unauthorized trade in the Rays's account, Spencer placed unauthorized trades (and thus exercised discretionary authority) in the accounts of Davis and a third client, Charles Cavaris ("Cavaris"). However, Spencer falsely denied in his deposition making any unauthorized trades other than the certificate of deposit transaction in the Rays's account. Even after giving this testimony and after being disciplined by Edward Jones for using unauthorized discretion, Spencer continued to exercise unauthorized discretion in Davis's account.
11. Spencer's exercise of discretion in client accounts was done without written client authorization and in violation of an Edward Jones prohibition.
12. On November 16, 2009, Spencer was terminated by Edward Jones for again exercising unauthorized discretion in Davis's account in October and November of 2009.
13. Spencer violated Rule Chapters 504 and 515 by:
 - a. Effecting unauthorized transactions;
 - b. Exercising discretionary authority without written client authorization;
 - c. Recommending an unsuitable investment to Davis; and
 - d. Engaging in acts, practices, or a course of business that operated as a fraud or deceit upon Davis, including failing to disclose material facts.
14. By violating Rule Chapters 504 and 515 and by making misrepresentations to the Office of Securities and Edward Jones, Spencer "engaged in unlawful, dishonest, or unethical practices in the securities, commodities, investment, franchise, banking, finance or insurance business." 32 M. R.S.A. § 16412(4)(M). Accordingly the Securities

Administrator may take disciplinary action, including revocation of licensure, censure, imposition of a bar order, and imposition of a civil fine of up to \$5,000 per violation against Spencer. 32 M.R.S.A. § 16412(2) & (3).

NOTICE

Notice is hereby given that the Securities Administrator intends to issue an order revoking Spencer's agent and investment adviser representative licenses; censuring Spencer; barring Spencer from associating with any broker-dealer, investment adviser, or issuer in Maine; and imposing a civil penalty of \$5,000 per violation. If Spencer wants to request a hearing in this matter, he must do so in writing within thirty (30) calendar days of the date of this Notice of Intent. 32 M.R.S.A. § 16412(7).

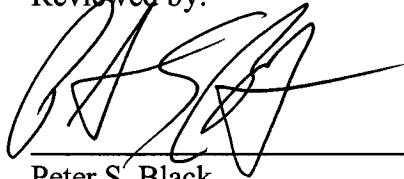
Date: February 23, 2010



Judith M. Shaw
Securities Administrator

Reviewed by:

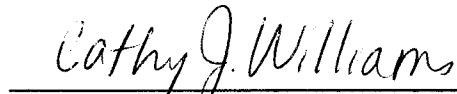
Date: February 22, 2010



Peter S. Black
Attorney

Presented by:

Date: February 22, 2010



Cathy J. Williams
Investigator/Examiner